



Role of Bangiya Gramin Vikash Bank (BGVB) in financing tribal SHGs in Purulia District, West Bengal

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Abstract : Poverty is very severe in India, especially in the tribal areas. It is assumed that SHGs might have played an important role in tribal belts. Gramin banks are present in the remote tribal areas. Tribal SHGs act like bridges between the poor tribal people and the gramian bank. Gramin bank like Bangiya Gramin Vikash Bank (BGVB) finances Cash Credit Loan to the tribal SHGs for the improvement of the socio-economic condition of the tribes. BGVB is not only the largest gramian bank in WB but also 2nd largest gramian bank in India. There are 587 branches of BGVB in West Bengal covering 11 districts. The study has been undertaken in Purulia district. There are 30 branches of BGVB in Purulia District. 3 branches of BGVB in Purulia were selected from three different regions of Purulia- Hura (Eastern region), Anara (Northern region) and Rajnoagarh (Southern region). The purpose of the study was to know how the loans taken by the tribal SHGs were used by them and the problems faced by them. This study also found the constraints faced by the bank officials. Video Interviews with bank officials were done with well-structured questionnaires to find the constraints faced by the bank officials and same with SHG members were done with semi structured questionnaires.

From each branch 20 Cash Credit loan forms of tribal SHGs were taken for the study. Total 60 Cash Credit loan forms were taken from 3 branches. This study revealed that loans were taken by the SHGs mainly for animal husbandry from all the 3 branches. Regarding overall performance it was found that Rajnoagarh branch ranks 1st followed by Anara and Hura. It was observed that Rajnoagarh branch had the best overall performance in entire Purulia District and ranked 1st twice during 2018-19 and 2019-20. Main constraints faced by the tribal SHGs were illiteracy and internal conflicts. The constraints faced by the bank officials while sanctioning the loan were sudden reduction of member number in a SHG, Hesitation of tribal women SHG member to contact the bank officials and lack of training facility for the tribal SHGs to utilize the loan properly. Suitable suggestions were also pointed out so that bank could finance to the remotest areas more smoothly, easily, and conveniently.

Introduction:

Bangiya Gramin Vikash Bank was set up on 21st February, 2007 by amalgamation of the five RRBs sponsored by United Bank of India in the State of West Bengal viz. Gaur Gramin Bank (GGB), Mallabhum Gramin Bank (MGB), Sagar Gramin Bank (SGB), Nadia Gramin Bank (NGB), and Murshidabad Gramin Bank (MuGB) under the provision of section 23(A) of RRB Act, 1976, having its Head Office at Berhampore, District Murshidabad, West Bengal. The operational area of Bangiya Gramin Vikash Bank was kept unchanged as was covered by the constituent RRBs. The prime objective of the Bank remains undiluted, to act as a catalyst to develop rural economy through credit dispensation to productive activities to agrarian populace. With the higher exposure limit, Bank is now enabled to cater to the need of emerging enterprises mainly in the field of agriculture and MSME.

In the process, it's focus continues to be on JLG (Joint Liability Group), SHG (Self-help Group) and KCC (Kishan Credit Card) in Agriculture Sector and enterprises under MSME Sector particularly those under MUDRA and Retail Credit like Housing Loan, Mortgage Loan, Car Loan etc. The Bank is fully migrated to CBS (Core Banking Solution) Platform since 13th Aug 2011.

Vision statement of BGVB:

Promote and accelerate sustainable, equitable and inclusive value addition to rural economy through effective credit support, development, and other initiatives.

Loans by BGVB:

- ✓ Bangiya Kishan Credit Card
- ✓ Swarojgar Credit Card
- ✓ General Credit Card
- ✓ Artisan Credit Card

- ✓ Bangiya Loghu Udyami Credit Card
- ✓ Joint Liability Group
- ✓ Krishak Jyoti
- ✓ Bangiya Griho Sanrakshan Yojona
- ✓ Banga Sobujayon Prokolpo
- ✓ Gramin Bhandaran Yojana
- ✓ BGVB Housing Loan
- ✓ Bangiya Siksha Suraksha Yojana
- ✓ BGVB Personal Loan
- ✓ BGVB Demand Loan
- ✓ Bangiya Mahajan Mukti Yojana
- ✓ Bangiya Bahan Yojana
- ✓ ASHA for SHGs
- ✓ Centrally Sponsored Schemes
- ✓ Working Capital Loan
- ✓ Banga Kutir Prakalpa
- ✓ Banga UTSAV

Objectives:

1. To provide information about Process of sanctioning loan to SHGs by BGVB and compare the performance of three sample branches
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Methodology: (for 1st objective)

There are 587 branches of BGVB in West Bengal covering 11 districts. There are 30 branches of BGVB in Purulia District.

3 branches of BGVB in Purulia are selected from three different regions of Purulia:

1. Hura (Eastern region)
2. Anara (Northern region)
3. Rajnoagarh (Southern region)

From each branch 20 Cash Credit loan form of tribal SHGs are taken for the study.

Total 60 Cash Credit loan form of tribal SHGs are taken from 3 branches.

Process of sanctioning loan to SHGs by BGVB

- SHG Members contact the nearby 'Sangha Office' at first. 1 SHG is formed with 10 members.
- Through 'Sangha Office' the members contact the bank. *CSP of bank (**Bank Mitra**) helps the SHG members for filling up the mandatory loan form.
- Then each member opens their individual bank account along with a common account.
- Each member deposits 50 rupees monthly in their account. This is called **Corpus fund**.
- After 6 months, the total corpus fund amount would be $(50 \times 10) \times 6 = \text{Rs } 3000$. Based on the corpus fund, loan is sanctioned from bank.
- 'Grading' is done according to last 6 months performance of the SHG. It is a process to know how well the SHG is using the taken loan.
- A SHG can open Savings Bank Account with the Branches of BGVB subject to fulfilment of the following.
- A resolution is passed by the Group indicating the Name & Style under which such account is to be opened, the authorized operators, and the mode of operation of such accounts.
- KYC norms for all the members are fulfilled.
- A SHG can take a one-time loan up to Rs 1, 50,000.
- BGVB finances loan to the SHG @7% interest rate. From govt. there is 3% sub invention over this. So SHG members get loan only at 4% interest rate from the bank. This is an advantage for the SHG members.

In West Bengal, Total number of SHGs, have taken loan from BGVB is 1,54,652. In Purulia district, total number of SHGs, have taken loan from BGVB is 8539.

Out of that, number of tribal SHGs = **1067**, Total *Outstanding Loan= Rs. **943,900,549**, Number of SHGs opened at these 3 branches-

- Hura= 397, Tribal SHGs= 52
- Anara= 390, Tribal SHG=43
- Rajnowagarh= 254, Tribal SHGs=34

*Bank Mitra/CSP- Works as a representative or agent of the bank and get a fixed salary irrespective of the bank/branch. The office of the CSPs is called the Sangha Office.

*Outstanding loan- Outstanding amount is the loan amount which has to be repaid by the borrower to the bank on a particular date.

(As on 16.01.2020)

Result and Discussion

During this study following information were collected and discussed here under:

- Loan amount

Majority of groups have taken loan of Rs 1,00,000-1,50,000 from Anara branch whereas majority of SHGs have taken loan of above Rs 1,50,000 from Rajnoagarh and Hura branch.

- Purpose

Loans taken by the SHGs mainly for animal husbandry from all the 3 branches.

- Regularity of holding meetings by SHG

It was found that maximum regularity of holding meetings held by Rajnoagarh branch among 3 branches.

- Regularity of attendance of members in the meetings

It was very satisfactory to note that the attendance of group members was 100% in all 3 branches.

- Regularity of savings by members

Regularity of savings by members was found highest in Rajnoagarh branch.

- Regularity in repayment of loan by members

Regularity in repayment of loan by members was found maximum in Rajnoagarh branch.

- Updated record keeping

All the 3 branches have updated record keeping.

- Overall grade

Regarding overall performance it was found Rajnoagarh branch ranks 1st followed by Anara and Hura. The overall grade regarding financing the tribal SHGs of the 3 branches:

Rajnoagarh- 85% (Grade A)

Anara- 78.75% (Grade B)

Hura- 75.12% (Grade B)

It was observed that Rajnoagarh branch had the best overall performance in entire Purulia District and ranked 1st twice during 2018-19 and 2019-20. The credit goes to the branch manager Mr. Arnab Rakshit.

Methodology (for 2nd objective):

- Video Interviews with bank officials are done with well-structured questionnaires.
- Video Interviews with SHG members are done with semi structured questionnaires.

From the video interviews, following constraints are identified

Constraints faced by bank officials while giving the loan to tribal SHGs and suitable solutions:

Problems	Solutions
1. Sudden reduction of member number in a SHG	Group leader of that SHG should take responsibility to maintain cordial relationship among the group members.

<p>2. Hesitation of tribal women SHG member to contact the bank officials</p>	<p>Bank Mitra or CSPs can play a significant role in empowering women SHG members by providing basic education, motivation, training, financial help and so on.</p>
<p>3. There is no training facility for the tribal SHGs to utilize the loan properly</p>	<p>Short term training programmes can be arranged at the panchayat level with the assistance from bank level.</p>

Constraints faced by the SHG members while taking the loan from bank (BGVB):

Problems	Solutions
<p>1. Most of the members of tribal SHGs are illiterate</p>	<p>CSP or Bank Mitra should take responsibility for proper learning and understanding of group members</p>
<p>2. Internal conflicts can be the problem sometime</p>	<p>Bank officials can have fortnight meeting with the group members</p>
<p>3. Most of the tribal women SHG members hesitate to contact the bank official</p>	<p>Bank officials and CSPs should be cooperative and friendly to the women SHG members.</p>

Benefit for the Bank:

Very small amounts of deposit by the poor people fetch good low-cost deposit with the help of collective effort of the group. Helps in reduction of large no. of small deposit and loan accounts. It saves transaction cost and time. Committed group members help in generation of moral pressure for better repayment. SHG provides good business opportunities to the Bank. Finance to SHG comes under Priority Sector Social commitment of Banks is fulfilled by lending to SHG. Scope for 100% refinance from NABARD.

Conclusion:

The BGVB was formed to serve the common mass in the rural areas, by providing banking and financial services to the fish farmers, artisans, agricultural labourers, and poor tribal people.

BGVB in West Bengal is significant bank of the state as far its contributor in agricultural credit and rural development of the state is concerned. Some of the important findings regarding the performance of BGVB are furnished below.

- The BGVB in West Bengal have made a substantial quantitative progress.
- The benchmark growth of BGVB in West Bengal has been marked to be highly impressive.
- The large-scale achievement of BGVBs greatly significant.

The chairman of BGVB Mr. Subrata Roy has received award for contributing large scale SHGs from Mr. Arun Jaitley (finance dept., GOI).

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